

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

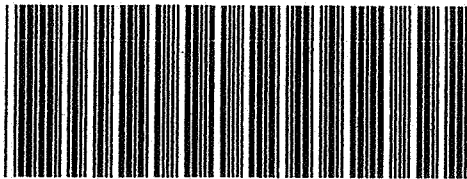
\_\_\_\_\_  
ITV DIRECT, INC.,  
  
Plaintiff,  
  
v.  
  
HEALTHY SOLUTIONS, LLC, ET. AL.,  
  
Defendants.  
\_\_\_\_\_

\_\_\_\_\_  
CAPPSEALS, INC.,  
  
Plaintiff-in-  
Intervention  
  
v.  
  
HEALTHY SOLUTIONS, LLC., D/B/A  
DIRECT BUSINESS CONCEPTS; ITV  
DIRECT, INC. AND DIRECT  
FULFILLMENT, LLC.  
  
Intervenor-  
Defendants.  
\_\_\_\_\_

C. A. No. 04-CV10421-JLT  
(DEIN, J)

**CAPPSEALS, INC.'S REPLY TO THE ITV PARTIES'  
OPPOSITION TO CAPPSEALS' MOTION FOR SANCTIONS  
UNDER 28 U.S.C. § 1927 AND THE INHERENT POWERS OF THE COURT**

**EXHIBIT 1, PART 3**

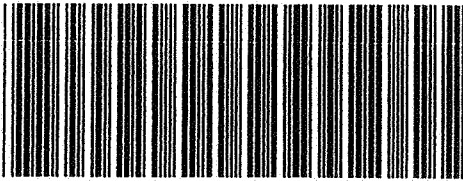


**2005 Schedule A** MA0506011030  
Balance Sheet

DIRECT MARKETING CONCEPTS, INC. 04-3564332

Tangible Assets		A Original cost	B Accumulated depreciation and amortization	C Net book value
1	Capital assets in Massachusetts:			
a	Buildings			
b	Land			
c	Motor vehicles and trailers	136034	59087	76947
d	Machinery taxed locally			
e	Machinery not taxed locally			
f	Equipment	1564613	731766	832847
g	Fixtures	277091	76430	200661
h	Leasehold improvements taxed locally	542857	8063	534794
i	Leasehold improvements not taxed locally			
j	Other fixed depreciable assets			
k	Construction in progress			
l	Total capital assets in Massachusetts			1645249
2	Inventories in Massachusetts:			
a	General merchandise			905410
b	Exempt goods			
3	Supplies and other non-depreciable assets in Massachusetts			
4	Total tangible assets in Massachusetts			2550659
5	Capital assets outside of Massachusetts:			
a	Buildings and other depreciable assets			
b	Land			
6	Leaseholds/leasehold improvements outside Massachusetts			
7	Total capital assets outside Massachusetts			

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**2005 Schedule A, page 2**

MA0506021030

Business or Manufacturing Corporation Excise Return  
04-3564332**DIRECT MARKETING CONCEPTS, INC.**

8 Inventories outside Massachusetts	8	
9 Supplies and other non-depreciable assets outside Massachusetts	9	
10 Total tangible assets outside of Massachusetts	10	
11 Total tangible assets. Add lines 4 and 10	11	2550659
12 Investments:		
a Investments in subsidiary corporations at least 80% owned (enclose Schedule A-1)	▶ 12a	
b Other investments	▶ 12b	
13 Notes receivable	13	
14 Accounts receivable	14	44167
15 Intercompany receivables (enclose Schedule A-2)	15	
16 Cash	16	292725
17 Other assets	17	665786
18 Total assets	▶ 18	3553337

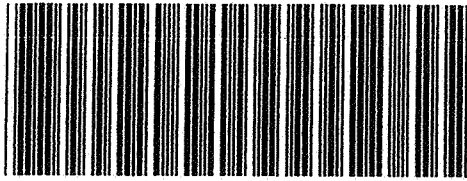
SEE LINE 17 STMT

**Liabilities and Capital**

19 Mortgages on:		
a Massachusetts tangible property taxed locally	19a	
b Other tangible assets	19b	
20 Bonds and other funded debt	20	337698
21 Accounts payable	21	3111643
22 Intercompany payables (enclose Schedule A-3)	▶ 22	
23 Notes payable	23	
24 Miscellaneous current liabilities	24	11229
25 Miscellaneous accrued liabilities	25	
26 Total liabilities	▶ 26	3460570
27 Total capital stock issued	27	200
28 Paid-in or capital surplus	28	
29 Retained earnings and surplus reserves	29	92567
30 Undistributed S corporation net income	30	
31 Total capital	31	92767
32 Treasury stock	32	
33 Total liabilities and capital	33	3553337

SEE LINE 24 STMT

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**2005 Schedule B** MA0506111030  
Tangible or Intangible Property Corporation Classification

DIRECT MARKETING CONCEPTS, INC. 04-3564332

1	Total Massachusetts tangible property	1	2550659
2	Massachusetts real estate	2	
3	Massachusetts motor vehicles and trailers	3	76947
4	Massachusetts machinery taxed locally	4	
5	Massachusetts leasehold improvements taxed locally	5	534794
6	Massachusetts tangible property taxed locally	6	611741
7	Massachusetts tangible property not taxed locally	7	1938918
8	Total assets	8	3553337
9	Massachusetts tangible property taxed locally	9	611741
10	Total assets not taxed locally	10	2941596
11	Investments in subsidiaries at least 80% owned	11	
12	Assets subject to allocation	12	2941596
13	Income apportionment percentage	13	1.000000
14	Allocated assets	14	2941596
15	Tangible property percentage	15	0.659138

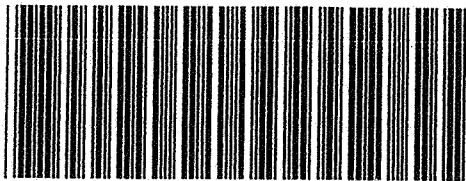
**Schedule C. Tangible Property Corporation**

1	Total Massachusetts tangible property	1	2550659
2	Exempt Massachusetts tangible property:		
a	Massachusetts real estate	2a	
b	Massachusetts motor vehicles and trailers	2b	76947
c	Massachusetts machinery taxed locally	2c	
d	Massachusetts leasehold improvements taxed locally	2d	534794
e	Exempt goods	2e	
f	Certified Massachusetts industrial waste/air treatment facilities	2f	
g	Certified Massachusetts solar or wind power deduction	2g	
3	Total exempt Massachusetts tangible property	3	611741
4	Taxable Massachusetts tangible property	4	1938918

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**2005 Schedule D** MA0506211030  
Intangible Property Corporation  
04-3564332

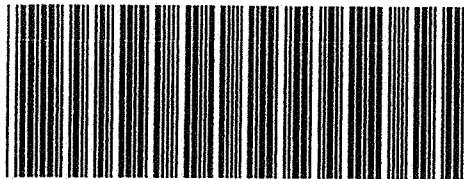
**DIRECT MARKETING CONCEPTS, INC.**

1	Total assets	1
2	Total liabilities	2
3	Massachusetts tangible property taxed locally	3
4	Mortgages on Massachusetts tangible property taxed locally	4
5	Subtract line 4 from line 3	5
6	Investments in subsidiaries at least 80% owned	6
7	Deductions from total assets	7
8	Allocable net worth	8
9	Income apportionment percentage	9
10	Taxable net worth	10

**Schedule E-1. Dividends Deduction**

1	Total dividends	1
2	Dividends from Massachusetts corporate trusts	2
3	Dividends from non-wholly-owned DISCs	3
4	Dividends, if less than 15% of voting stock owned	4
5	Total taxable dividends	5
6	Dividends eligible for deduction	6
7	Dividends deduction	7

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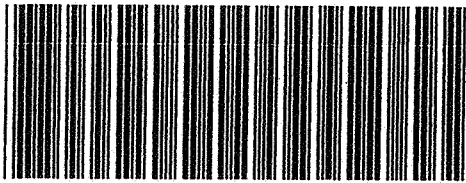


**2005 Schedule E** MA0506411030  
Taxable Income

**DIRECT MARKETING CONCEPTS, INC. 04-3564332**

1	Gross receipts or sales	▶ 1	49009637
2	Gross profit	▶ 2	17716364
3	Other deductions	▶ 3	17578862
4	Net income	▶ 4	137502
5	Allowable U.S. wage credit	▶ 5	
6	Subtract line 5 from line 4	6	137502
7	State and municipal bond interest not included in U.S. net income	▶ 7	
8	Foreign, state or local income, franchise, excise or capital stock taxes deducted from U.S. net income	▶ 8	
9	Section 168(k) 'bonus' depreciation adjustment	▶ 9	
10	Section(s) 31I and 31K intangible expenses	▶ 10	
11	Section(s) 31J and 31K interest expenses	▶ 11	
12	Federal production activity add back	▶ 12	
13	Other adjustments, including research and development expenses	▶ 13	
14	Add lines 6 through 13	14	137502
15	Abandoned building renovation deduction	x .10 = ▶ 15	
16	Dividends deduction	▶ 16	
17	Add back of intangible expenses exception	▶ 17	
18	Add back of interest expenses exception	▶ 18	
19	Subtract the total of lines 15 through 18 from line 14	19	137502
20	Loss carryover	▶ 20	
21	Income subject to apportionment	21	137502
22	Income apportionment percentage	22	1.000000
23	Multiply line 21 by line 22	23	137502
24	Income not subject to apportionment	▶ 24	
25	Certified Massachusetts solar or wind power deduction	▶ 25	
26	Massachusetts taxable income	26	137502

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**2005 Schedule CD** MA0506311030  
 Corporate Disclosure  
 04-3564332

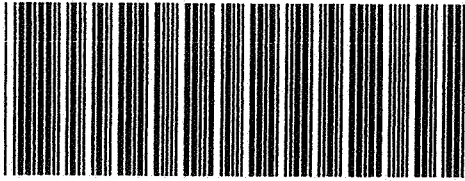
**DIRECT MARKETING CONCEPTS, INC.**

1 Charitable contributions	▶ 1	0
2 Federal research expense allowed under IRC section 174, plus research credit allowed under IRC section 41	▶ 2	
3 Accelerated depreciation allowed as a federal deduction:		
a Equipment	▶ 3a	
b Rental housing	▶ 3b	
c Buildings other than rental housing	▶ 3c	
d Pollution control facilities	▶ 3d	
4 Depreciation included in line 3:		
a Equipment	▶ 4a	
b Rental housing	▶ 4b	
c Buildings other than rental housing	▶ 4c	
d Pollution control facilities	▶ 4d	
5 Accelerated depreciation less standard depreciation:		
a Equipment	5a	
b Rental housing	5b	
c Buildings other than rental housing	5c	
d Pollution control facilities	5d	

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MASA0168 12/01/05

**DMC 05543**



**2005 Schedule S** MA0509011030  
S Corporation Distribution Income

DIRECT MARKETING CONCEPTS, INC. 04-3564332

**Classification Information**

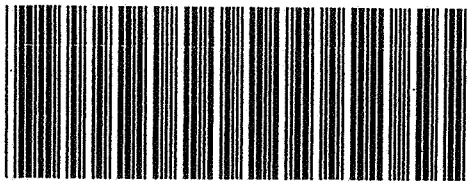
1 Gross receipts	1	49009637
2 Net gain	2	
3 Gross income from rental real estate	3	
4 Gross income from other rental activity	4	
5 Interest income	5	
6 Dividend income	6	
7 Royalty income	7	
8 Net short-term capital gain	8	
9 Net long-term capital gain	9	
10 Net gain under Section 1231	10	
11 Other income	11	13235
12 Total income	12	49022872
13 Receipts from inter-company transactions	13	
14 Total receipts excluding inter-company transactions	14	
15 Total aggregate receipts of related entities	15	
16 Total of lines 14 and 15	16	
17 Amount from line 12 or 16	17	49022872

**S Corporation Income**

18 Ordinary income or loss	18	137502
19 Other income	19	
20 Taxes deducted	20	11229
21 Subtotal	21	148731
22 Other Massachusetts gains or losses	22	
23 Subtotal	23	148731
24 Other adjustments	24	-27694
25 Massachusetts ordinary income or loss	25	121037
26 Real estate net income or loss	26	
27 Other rental activity net income or loss	27	

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**2005 Schedule S, page 2**

MA0509021030

S Corporation Distribution Income

04-3564332

DIRECT MARKETING CONCEPTS, INC.

28	U.S. portfolio income	28
29	Interest on U.S. obligations	29
30	5.3% interest income	30
31	Other interest and dividend income	31
32	Foreign state and municipal bond interest	32
33	Royalty income	33
34	Other income	34
35	Total short-term capital gains	35
36	Total short-term capital losses	36
37	Gain on property	37
38	Loss on property	38
39	Net long-term capital gain or loss	39
40	Section 1231 net gain or loss	40
41	Other long-term gains or losses	41
42	Long-term gains on collectibles	42
43	Differences and adjustments	43

**Resident and Nonresident Reconciliation**

44	Nonresident shareholder portion of the following Schedule S lines	
a	Line 25	44a
b	Line 26	44b
c	Line 27	44c
d	Line 30	44d
e	Line 31	44e
f	Line 32	44f
g	Line 33	44g
h	Line 34	44h
i	Line 35	44i
j	Line 36	44j
k	Line 37	44k
l	Line 38	44l
m	Line 39	44m

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Name as Shown on Return DIRECT MARKETING CONCEPTS, INC.	EIN 04-3564332
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Main Activity Form 1120S	(A) JCWAA and JGTRRA Depr Adj	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)
	-27,694.		-27,694.
Form 8825	(A) JCWAA and JGTRRA Depr Adj	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)

Total Form 8825 Depreciation Adjustment (Sum of Column C) .....

Schedule F	(A) JCWAA and JGTRRA Depr Adj	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)

Total Schedule F Depreciation Adjustment (Sum of Column C) .....

Total Depreciation Adjustment ..... -27,694.

Section 179 Adjustment	(A) Adjustment Amount	(B) Other Adjustments	(C) Total Adj. (Col A + Col B)
Total Section 179 Adjustment .....			

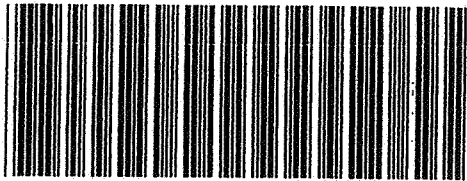
**Sale of Assets (Includes recapture for Form 6252)**

Description of Asset Sold	Date Acquired	Date Sold	Federal Accum Depreciation	State Accum Depreciation	Other Adj	Gain/Loss Adjustment

**Form 6252 Current Year Installment Gain Adjustment**

Description of Asset Sold	Date Acquired	Current Yr Payment	Gross Profit Percentage	Gain	Other Adj	Gain/Loss Adjustment
	Date Sold	Federal State	Federal State	Federal State		

Total Gain/Loss Adjustment .....



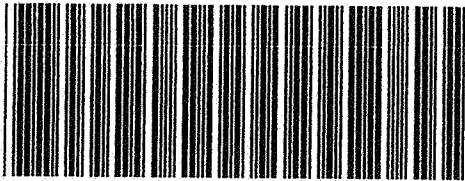
**2005 Schedule SK-1** MA0509111030  
Shareholder's Massachusetts Information

ROBERT A. MAIHOS 013-44-7291  
115 MILL STREET MIDDLETON MA 01949-1998  
DIRECT MARKETING CONCEPTS, IN 04-3564332  
55 CHERRY HILL DRI BEVERLY MA 01915-1068

**Shareholder's Distributive Share**

1 Massachusetts ordinary income or loss	1	60518
2 Separately stated deductions	2	
3 Add lines 1 and 2	3	60518
4 Credits available		
a Taxes paid to another jurisdiction (residents only)	4a	
b Lead paint credit	4b	
c Economic opportunity area credit	4c	
d Full employment credit	4d	
e Brownfields credit	4e	
f Low-income housing credit	4f	
g Historic rehabilitation credit	4g	
h Home energy efficiency credit plus solar heat credit	4h	
i Total credits	4i	
5 Net income or loss from rental real estate	5	
6 Net income or loss from other rental activity	6	
7 Interest from U.S. obligations	7	
8 Interest from Massachusetts banks	8	
9 Other interest and dividend income	9	
10 Non-Massachusetts state and municipal bond interest	10	
11 Royalty income	11	
12 Other income	12	
13 Short-term capital gains	13	
14 Short-term capital losses	14	
15 Gain on trade or business property	15	
16 Loss on trade or business property	16	

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**2005 Schedule SK-1, page 2**

MA0509121030

Shareholder's Massachusetts Information

04-3564332

DIRECT MARKETING CONCEPTS, INC.

17	Long-term capital gain or loss	17
18	Net gain or loss under Section 1231	18
19	Other long-term gains and losses	19
20	Long-term gains on collectibles	20
21	Differences and adjustments	21

**Shareholder's Basis Information**

22	Taxpayer's beginning information	
a	Date of the federal basis	22a
b	Number of shares owned	22b
c	Shareholder's percentage of stock ownership	22c
d	Dollar value of basis as of the date in line 22a	22d
23	Massachusetts basis at the beginning of the tax year	
a	Stock	23a
b	Indebtedness	23b
24	Net Massachusetts adjustments	
a	Stock	24a
b	Indebtedness	24b
25	Net federal adjustment	
a	Stock	25a
b	Indebtedness	25b
26	Massachusetts year-end basis	
a	Stock	26a
b	Indebtedness	26b

0.500000

0

0

16365

0

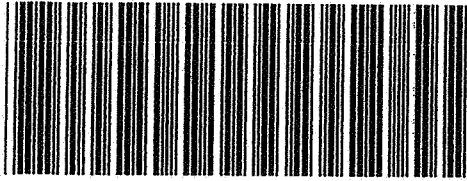
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16365

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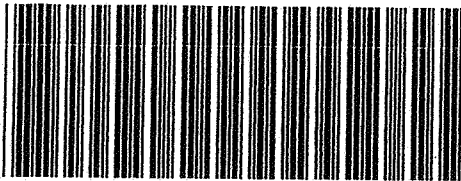
**2005 Schedule SK-1** MA0509111030  
Shareholder's Massachusetts Information

DONALD W. BARRETT, JR. 029-54-7612  
9 TALL TREE DRIVE BEVERLY MA 01915  
DIRECT MARKETING CONCEPTS, IN 04-3564332  
55 CHERRY HILL DRI BEVERLY MA 01915-1068

**Shareholder's Distributive Share**

1 Massachusetts ordinary income or loss	1	60519
2 Separately stated deductions	2	
3 Add lines 1 and 2	3	60519
4 Credits available		
a Taxes paid to another jurisdiction (residents only)	4a	
b Lead paint credit	4b	
c Economic opportunity area credit	4c	
d Full employment credit	4d	
e Brownfields credit	4e	
f Low-income housing credit	4f	
g Historic rehabilitation credit	4g	
h Home energy efficiency credit plus solar heat credit	4h	
i Total credits	4i	
5 Net income or loss from rental real estate	5	
6 Net income or loss from other rental activity	6	
7 Interest from U.S. obligations	7	
8 Interest from Massachusetts banks	8	
9 Other interest and dividend income	9	
10 Non-Massachusetts state and municipal bond interest	10	
11 Royalty income	11	
12 Other income	12	
13 Short-term capital gains	13	
14 Short-term capital losses	14	
15 Gain on trade or business property	15	
16 Loss on trade or business property	16	

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**2005 Schedule SK-1, page 2**

MA0509121030

**Shareholder's Massachusetts Information**

04-3564332

DIRECT MARKETING CONCEPTS, INC.

17	Long-term capital gain or loss	17
18	Net gain or loss under Section 1231	18
19	Other long-term gains and losses	19
20	Long-term gains on collectibles	20
21	Differences and adjustments	21

**Shareholder's Basis Information**

22	Taxpayer's beginning information	
a	Date of the federal basis	22a
b	Number of shares owned	22b
c	Shareholder's percentage of stock ownership	22c
d	Dollar value of basis as of the date in line 22a	22d
23	Massachusetts basis at the beginning of the tax year	
a	Stock	23a
b	Indebtedness	23b
24	Net Massachusetts adjustments	
a	Stock	24a
b	Indebtedness	24b
25	Net federal adjustment	
a	Stock	25a
b	Indebtedness	25b
26	Massachusetts year-end basis	
a	Stock	26a
b	Indebtedness	26b

0.500000

356429  
027755  
0

35987

384184  
0

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**Shareholder's Basis Statement****2005**

Note to Shareholder: Keep for your records.

Shareholder's name <b>ROBERT A. MAIHOS</b>	Identifying Number <b>013-44-7291</b>
Corporation's name <b>DIRECT MARKETING CONCEPTS, IN</b>	Employer I.D. Number <b>04-3564332</b>

Special ordering election under Reg. Section 1.1367-1(f) has been made ☐**Part I – Stock Basis**

1	Beginning of year stock basis .....	1	0.
2	Capital contributions .....	2	
3	Massachusetts income items .....	3	60,518.
4	Add lines 1 through 3 .....	4	60,518.
5	Distributions (not to exceed line 4) .....	5	14,906.
6	Subtract line 5 from line 4 .....	6	45,612.
7	<input type="checkbox"/> Loss items (not to exceed line 6) or <input checked="" type="checkbox"/> Nondeductible expenses (not to exceed line 6) .....	7	29,247.
8	Subtract line 7 from line 6 .....	8	16,365.
9	<input type="checkbox"/> Nondeductible expenses (not to exceed line 8) or <input checked="" type="checkbox"/> Loss items (not to exceed line 8) .....	9	0.
10	Subtract line 9 from line 8 .....	10	16,365.
11	Loan basis restoration .....	11	0.
12	End of year stock basis (subtract line 11 from line 10) .....	12	16,365.

**Part II – Loan Balance**

13	Beginning of year loan balance .....	13	0.
14	Current year loans to corporation .....	14	
15	Loan repayments .....	15	
16	End of year loan balance .....	16	0.

**Part III – Loan Basis**

17	Beginning of year loan basis .....	17	0.
18	Loan basis restoration .....	18	0.
19	Current year loans to corporation .....	19	
20	Add lines 17 through 19 .....	20	0.
21	Loan repayments (not to exceed line 20) .....	21	0.
22	Subtract line 21 from line 20 .....	22	0.
23	<input type="checkbox"/> Excess loss items (not to exceed line 22) or <input checked="" type="checkbox"/> Excess nondeductible expense items (not to exceed line 22) .....	23	0.
24	Subtract line 23 from line 22 .....	24	0.
25	<input type="checkbox"/> Excess nondeductible expense items (not to exceed line 24) or <input checked="" type="checkbox"/> Excess loss items (not to exceed line 24) .....	25	0.
26	End of year loan basis (subtract line 25 from line 24) .....	26	0.

**Part IV – Total Basis**

27	Total end of year stock basis and loan basis .....	27	16,365.
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**Part V – Loss Carryovers**

28	Loss items carried over to next year .....	28	0.
29	Nondeductible expense items carried over to next year .....	29	0.

**Shareholder's Basis Statement****2005**

Note to Shareholder: Keep for your records.

Shareholder's name DONALD W. BARRETT, JR.	Identifying Number 029-54-7612
Corporation's name DIRECT MARKETING CONCEPTS, IN	Employer I.D. Number 04-3564332

Special ordering election under Reg. Section 1.1367-1(f) has been made ☐**Part I – Stock Basis**

1	Beginning of year stock basis .....	1	356,429.
2	Capital contributions .....	2	
3	Massachusetts income items .....	3	60,519.
4	Add lines 1 through 3 .....	4	416,948.
5	Distributions (not to exceed line 4) .....	5	14,906.
6	Subtract line 5 from line 4 .....	6	402,042.
7	<input type="checkbox"/> Loss items (not to exceed line 6) or <input checked="" type="checkbox"/> Nondeductible expenses (not to exceed line 6) .....	7	17,858.
8	Subtract line 7 from line 6 .....	8	384,184.
9	<input type="checkbox"/> Nondeductible expenses (not to exceed line 8) or <input checked="" type="checkbox"/> Loss items (not to exceed line 8) .....	9	0.
10	Subtract line 9 from line 8 .....	10	384,184.
11	Loan basis restoration .....	11	0.
12	End of year stock basis (subtract line 11 from line 10) .....	12	384,184.

**Part II – Loan Balance**

13	Beginning of year loan balance .....	13	
14	Current year loans to corporation .....	14	
15	Loan repayments .....	15	
16	End of year loan balance .....	16	

**Part III – Loan Basis**

17	Beginning of year loan basis .....	17	0.
18	Loan basis restoration .....	18	0.
19	Current year loans to corporation .....	19	
20	Add lines 17 through 19 .....	20	0.
21	Loan repayments (not to exceed line 20) .....	21	0.
22	Subtract line 21 from line 20 .....	22	0.
23	<input type="checkbox"/> Excess loss items (not to exceed line 22) or <input checked="" type="checkbox"/> Excess nondeductible expense items (not to exceed line 22) .....	23	0.
24	Subtract line 23 from line 22 .....	24	0.
25	<input type="checkbox"/> Excess nondeductible expense items (not to exceed line 24) or <input checked="" type="checkbox"/> Excess loss items (not to exceed line 24) .....	25	0.
26	End of year loan basis (subtract line 25 from line 24) .....	26	0.

**Part IV – Total Basis**

27	Total end of year stock basis and loan basis .....	27	384,184.
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**Part V – Loss Carryovers**

28	Loss items carried over to next year .....	28	0.
29	Nondeductible expense items carried over to next year .....	29	0.

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Report of Distributive Share Items  
Shareholder Distributions

Shareholder	-1-				
	MA Ord				
	Income				
ROBERT A. MAIHOS	60,518.				
DONALD W. BARRETT, JR.	60,519.				
Total	<u>121,037.</u>				

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88-12-00018



**Form M-2220**  
**Underpayment of Massachusetts**  
**Estimated Tax by Corporations**

**2005**

**Massachusetts**  
**Department of**  
**Revenue**

**Enclose this form with your return. Please print in ink or type.**

Name of corporation

Federal identification number

DIRECT MARKETING CONCEPTS, INC.

04-3564332

Check type of return to be filed: ☐ 355 ☐ 355C ☒ 355S ☐ Other .....

**Figuring your underpayment.** See instructions.

1	2005 tax (from line 20, Forms 355 or 355C; line 23, Form 355S; or line 6, Form SBC). Commercial banks, insurance companies, and public service companies enter total excise due from return .....	11,229.
2	Enter 90% of line 1 .....	10,106.
3	Enter 90% of 2005 tax using 2004 income apportionment percentage .....	
4	Enter 2004 tax (from line 18, 2004 Forms 355 or 355C; line 21, 2004 Form 355S; or line 6, 2004 Form SBC). Large corporations or short taxable year corporations, see instructions .....	62,906.
5	Enter line 2, 3 or 4, whichever is smallest .....	10,106.
6	Enter in columns a through d (respectively) the installment dates of the 15th day of the 3rd, 6th, 9th and 12th months of your taxable year .....	
	a 03/15/05      b 06/15/05      c 09/15/05      d 12/15/05	
7	Enter in column a line 5 x 40% Enter in column b line 5 x 25% Enter in column c line 5 x 25% Enter in column d line 5 x 10% .....	4,042.      2,527.      2,527.      1,010.

If you are a new corporation, ☐ check  
and see instructions.

8	Amount paid or credited for each period .....			
9	Overpayment of previous installment .....			
10	Total. Add lines 8 and 9 .....			
11	Overpayment. Subtract line 7 from line 10 .....			
12	Underpayment. Subtract line 10 from line 7 .....	4,042.	2,527.	2,527.      1,010.

**Complete page 2 to calculate underpayment penalty.**

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DIRECT MARKETING CONCEPTS, INC.

04-3564332

SS-12-00018 Form M-2220

Page 2

**Figuring your underpayment penalty**

Enter same installment dates used in line 6	a 03/15/05	b 06/15/05	c 09/15/05	d 12/15/05
13 Amount of underpayment from line 12	4,042.	2,527.	2,527.	1,010.
14 Enter the date of payment or the 15th day of the 3rd month after the close of the taxable year, whichever is earlier	03/15/06	03/15/06	03/15/06	03/15/06
15 Number of days from due date of installment to the date shown in line 14	365	273	181	90
16 Number of days in line 15 after 3/15/05 and before 4/1/05	16			
17 Number of days in line 15 after 3/31/05 and before 7/1/05	91	15		
18 Number of days in line 15 after 6/30/05 and before 10/1/05	92	92	15	
19 Number of days in line 15 after 9/30/05 and before 1/1/06	92	92	92	16
20 Number of days in line 15 after 12/31/05 and before 4/1/06	74	74	74	74
21 Number of days in line 15 after 3/31/06 and before 7/1/06				
22 Number of days in line 15 after 6/30/06 and before 10/1/06				
23 Number of days in line 15 after 9/30/06 and before 1/1/07				
24 Number of days in line 15 after 12/31/06 and before 2/16/07				
25 Underpayment in line 13 x (number of days in line 16 ÷ 365) x 6%	11.			
26 Underpayment in line 13 x (number of days in line 17 ÷ 365) x 7%	71.	7.		
27 Underpayment in line 13 x (number of days in line 18 ÷ 365) x 7%	71.	45.	7.	
28 Underpayment in line 13 x (number of days in line 19 ÷ 365) x 8%	82.	51.	51.	4.
29 Underpayment in line 13 x (number of days in line 20 ÷ 365) x 8%	66.	41.	41.	16.
30 Underpayment in line 13 x (number of days in line 21 ÷ 365) x * %				
31 Underpayment in line 13 x (number of days in line 22 ÷ 365) x * %				
32 Underpayment in line 13 x (number of days in line 23 ÷ 365) x * %				
33 Underpayment in line 13 x (number of days in line 24 ÷ 365) x * %				
34 Add lines 25 through 33	301.	144.	99.	20.
35 Total of amounts shown in line 34. Enter this amount in line 30 of the excise calculation of Form 355 or Form 355C; line 33 of Form 355S; line 14 of Form 355SBC; or line 26 of Form 355SC				564.

\*Rate to be determined.

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MACZ1012 12/19/05

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----- Detach Here -----

88-12-00018

**Form 355-7004****Application for Corporate Extension – 2005****Massachusetts  
Department of Revenue**

Federal Identification number <b>04-3564332</b>	Is the corporation incorporated in Massachusetts <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Period end date <b>12/31/2005</b>	Amount enclosed <b>65,000.</b>
Business name <b>DIRECT MARKETING CONCEPTS, INC.</b>	Type of extension being applied for <input checked="" type="checkbox"/> a Automatic six-month <input type="checkbox"/> b Extension until		
Street address <b>55 CHERRY HILL DRIVE</b>	City/Town <b>BEVERLY</b>	State <b>MA</b>	Zip <b>01915-1068</b>
Sign here. Under penalties of perjury, I declare that to the best of my knowledge and belief this return and enclosures are true, correct and complete.			
Signature of officer or agent	Signature of paid preparer	Date <b>03/15/06</b>	
Employer Identification number of paid preparer	Social Security number or PTIN of paid preparer <b>P43183937</b>		
<b>LEO H. BONARRIGO CPA</b> <b>268 SUMMER STREET, 6TH FLOOR</b> <b>BOSTON</b> <b>MA 02210</b>			

MAC20812 12/16/05

DMC 05556

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88-12-00018



**Form M-8453C**  
**Corporate Tax Declaration**  
**for Electronic Filing**

**2005**

**Massachusetts**  
**Department of**  
**Revenue**

Please print or type. Privacy Act Notice available upon request. For the year January 1 - December 31, 2005.

Corporation name <b>DIRECT MARKETING CONCEPTS, INC.</b>		Declaration control number <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>
Mailing address <b>55 CHERRY HILL DRIVE</b>		Federal identification number <b>04-3564332</b>
City/Town <b>BEVERLY</b>	State Zip <b>MA 01915-1068</b>	Form filed: <input type="checkbox"/> 355 <input type="checkbox"/> 355C <input checked="" type="checkbox"/> 355S <input type="checkbox"/> 355SC

**Part 1. Tax Return Information for Electronic Filing**

1	Excise due before credits (from Form 355 or 355C, line 5; Form 355S, line 8; or Form 355SC, line 7) .....	1	<b>11,229.</b>
2	Total credits (from Form 355 or 355C, line 17; Form 355S, line 20; or Form 355SC, line 13) .....	2	
3	Excise due before voluntary contributions (from Form 355 or 355C, line 20; Form 355S, line 23; or Form 355SC, line 16) .....	3	<b>11,229.</b>
4	Overpayment amount (from Form 355 or 355C, line 26; Form 355S, line 29; or Form 355SC, line 22) .....	4	<b>53,771.</b>
5	Tax due (from Form 355 or 355C, line 29; Form 355S, line 32; or Form 355SC, line 25) .....	5	

**Part 2. Tax Return Information for Extension**

1	Tax payments made. Enter the total of lines 23 through line 25 from Form 355 or 355C; the total of lines 26 through 28 from Form 355S; or the total of lines 19 through line 21 from Form 355SC .....	1	<b>65,000.</b>
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**Part 3. Declaration and Signature of Taxpayer**

Under pains and penalties of perjury, I declare that I have reviewed the information on my return with the information I have provided to my Electronic Return Originator and that the amounts above agree with the amounts shown on my 2005 Massachusetts return. To the best of my knowledge and belief this information is true, correct and complete. I consent that my return, including this declaration and accompanying schedules, forms and statements be sent to the Massachusetts Department of Revenue by my Electronic Return Originator. I authorize DOR to inform my Electronic Return Originator and/or the transmitter when my electronic return has been accepted. In the event that it is rejected, I authorize DOR to identify the reasons for rejection so that the return can be corrected and re-transmitted. If I have filed a balance due return, I understand that if DOR does not receive full and timely payment of my tax liability, I will remain liable for the tax liability and all applicable penalties and interest.

Your signature

Date

**Part 4. Declaration and Signature of Electronic Return Originator (ERO)**

I declare that I have reviewed the above taxpayer's return and that the entries on this M-8453C are complete and correct to the best of my knowledge. (Collectors are not responsible for reviewing the taxpayer's return; however, they must ensure that the M-8453C accurately reflects the data on the return.) I have obtained the taxpayer's signature before submitting this return to the Massachusetts Department of Revenue. I have provided the taxpayer with a copy of all forms and information filed with the Massachusetts Department of Revenue. If I am also the paid preparer, under pains and penalties of perjury I declare that I have examined the above taxpayer's return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct and complete. I declare that I have verified the taxpayer's proof of account and it agrees with the name(s) shown on this form. This declaration of paid preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

ERO's signature and SSN or PTIN <b>P43183937</b>	Date <b>09/15/2006</b>	EIN <b>04-3183937-</b>	<input checked="" type="checkbox"/> Check if self-employed
Firm name (or yours, if self-employed) and address <b>LEO H. BONARRIGO CPA</b> <b>268 SUMMER STREET, 6TH FLOOR</b> <b>BOSTON</b>	City/Town <b>MA</b>	State Zip <b>02210</b>	<input checked="" type="checkbox"/> Check if also paid preparer

**Part 5. Declaration and Signature of Paid Preparer (if other than ERO)**

Under pains and penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete. This declaration of paid preparer (other than taxpayer) is based on all information of which the preparer has any knowledge.

Paid preparer's signature and SSN or PTIN	Date	EIN	<input type="checkbox"/> Check if self-employed
Firm name (or yours, if self-employed) and address	City/Town	State Zip	

MACZ0101 12/02/05

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